

**This Week in Agriculture:**  
**USDA Supply and Demand Summary: August 12, 2013**

- Today's USDA report can be considered bullish across the board as carryout and production estimates came lower than anticipated.
- Supported by private crop tour estimates, and crop conditions many traders were expecting a significant increase in corn yield projections, as well as carryout ahead of this afternoon's report. While the pre-report estimate range was wide, most traders agreed that overall production would come in somewhere around 14 billion bushels. The USDA disagreed, instead cutting yield 2.1 bushels to the acre nationwide from their July estimate to 154.4 bpa and pegging overall production at 13.763 billion bushels.
- The reduction in production was supported by a 10 mln bushel reduction in old crop ending stocks due to export changes, but was offset by a slight reduction in projected new crop feed usage. Overall new crop carryout numbers came in at 1.837 bln bushels, over 134 million bushels lower than pre-report expectations.
- Soybean numbers came in quite bullish as well. With late planting, and an extremely slow pace to maturity many traders were unsure of what to expect coming into today's report, especially considering numbers from an updated acreage survey were to be included. In the end, while some traders were anticipating an increase in planted acreage, the USDA reduced their planted and harvested figures by 500,000.
- With the reduction in planted acreage and a 1.9 bushel reduction in yield estimates the USDA put their overall production estimate at 3.26 billion bushels, well below the 3.34 bln bushels expected.
- On the demand front the USDA continues to do what they can to keep old crop carryout above minimally acceptable levels. In today's report they lowered exports (though export shipments are actually ahead of the pace needed to achieve their estimate), increased imports, and increased crush. For new crop to help offset perceived production losses they lowered export, crush and residual use projections. Overall the USDA anticipates soy carryout to come in around 220 mbu, well below the 263 mbu traders were expecting.
- With the somewhat surprising numbers for corn and soybeans wheat was kind of lost in the shuffle. Overall production estimates for all classes came in slightly higher than anticipated, but higher than expected usage in the form of solid exports helped to offset any gains. Ahead of the report traders were expecting all-class ending stocks to come in around 573 mln bu. The USDA expects carryout to come in around 551 million.
- Production-wise here in Michigan the USDA is expecting an increase in overall corn production from a year ago. They anticipate a 158 bpa yield on an additional 80,000 acres, resulting in an 72 mbu more of supply state-wide than we saw last year. As for soybeans the USDA is anticipating a 45 bpa yield on 100,000 acres less than a year ago resulting in a production increase of just over a half a million bushels.
- Overall wheat production numbers were reduced slightly from last month's projections, due to a bushel per acre drop in reported yields. This slight drop in yield resulted in a 590k reduction in state-wide production.
- When it comes to the accuracy of the USDA's August reports it is interesting to note that 17 out of the last 32 years the USDA has come in too low when it comes to projecting corn carryout. On soybeans they've come in too high 21 out of 32 years. Most of the adjustments, it appears, when it comes to soybeans come in the form of underestimating actual demand on both the export and domestic usage fronts.

With today's somewhat positive USDA numbers, and the significant move lower as of late it appears as though a low should be in place for the short term. Traders will now turn their attention to long term forecasts looking for any indication a frost event could be evident. With the slow pace to maturity it is absolutely vital we make it through September without issue. A cold snap has the potential to cut production dramatically. At this point normal temperatures are in the forecast through the end of August, with an updated September forecast from the Climate Prediction Center due out at the end of the month.

At the close of the market today we saw December corn up 11, November soybeans up 43 and September wheat a

**penny higher. At this point it is vital to keep your point of profit in mind when it comes to making marketing decisions. Any rally should be treated as an opportunity to make catch up sales if needed. Remember, you can't go broke making money. Give us a call with any questions, we're here to help!**

**All the Best!**

**Angie Maguire**

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